

GROUP INSURANCE COMMISSION MEETING
Thursday, December 16, 2021
8:30 A.M. – 10:30 A.M.

Meeting held remotely through online audio-video platform (ZOOM), accessible
through YouTube

MINUTES OF THE MEETING

NUMBER: Six Hundred sixty-three
DATE: November 18, 2021
TIME: 8:30 a.m.
PLACE: The Meeting was held virtually

Commissioners Present:

VALERIE SULLIVAN (Chair, Public Member)
BOBBI KAPLAN (Vice Chair, NAGE)
MICHAEL HEFFERNAN (Secretary of ANF) Designee Cassandra Roeder
GARY ANDERSON (Commissioner of Insurance) Designee Rebecca Butler
ADAM CHAPDELAINE (Massachusetts Municipal Association)
EDWARD T. CHOATE (Public Member)
CHRISTINE HAYES CLINARD, ESQ. (Public Member)
JANE EDMONDS (Retiree)
JOSEPH GENTILE (AFL-CIO, Public Safety Member)
EILEEN P. MCANNENY (Public Member)
MELISSA MURPHY-RODRIGUES (Massachusetts Municipal Association)
PATRICIA JENNINGS (Public Member)
ELIZABETH CHABOT (NAGE)
TIMOTHY D. SULLIVAN (Massachusetts Teachers Association)
TAMARA P. DAVIS (Public Member)

Commissioners Absent:

ANNA SINAIKO, Ph.D. (Health Economist)
GERZINO GUIRAND (Council 93, AFSCME, AFL-CIO)

Call to Order

The Chair called the Meeting to order at 8:30 a.m. The Chair explained that the Meeting was being held via audio and video conferencing and noted that the Meeting was being made public via simultaneous broadcast through YouTube. The Chair identified all Commissioners present at this meeting.

I. Approval of Minutes

Commissioner Edmonds made a motion to approve the November 18, 2021 meeting minutes, as presented, which was seconded by the Vice Chair. There were no additions or corrections to the minutes. The vote was taken by roll call by GIC General Counsel and passed unanimously among the Commissioners present.

II. Executive Director's Report

The Chair mentioned that she was participating in the meeting from the new offices of the GIC in the McCormack Building in Boston. She also welcomed back Chief of Staff Emily Williams who recently returned from parental leave. The Chair then turned the meeting over to Executive Director Veno who provided an overview of the meeting's agenda and presented his Executive Director's Report.

- **Calendar**

The Executive Director reviewed the 2021 and 2022 calendars. He noted that while 2021 was light on procurement activities, the focus has been on highlighting the challenges that need to be addressed in the coming health benefit procurement for FY24. He then reviewed the planned Commission meeting topics for the first half of 2022. As there were no questions, he responded to the Chair's inquiry about the upcoming Listening Sessions by noting that they would be addressed in the Director's Report.

- **Human Resources**

The Executive Director welcomed Chief of Staff Emily Williams back from maternity leave. He thanked Deputy Executive Director Erika Scibelli and Executive Assistant Tansey Helmke for their work in covering the tasks and responsibilities of the Chief of Staff while she was on leave. The Executive Director also noted that Ms. Helmke, while starting as a temporary

employee, will be retained as a paralegal on General Counsel Andrew Stern's team. As a result, the Executive Assistant role will be reviewed and filled in the near future. In addition, he noted that there are currently two open Office Support Specialist positions on the Operations team and asked that Commissioners share those openings with their networks.

- Communications/Legislation/Municipalities

The Executive Director addressed the upcoming Public Listening Sessions. The proposed dates for the 2022 Virtual Public Listening Sessions are January 25, 2022 at 6:00PM, January 26, 2022 at noon, and January 28, 2022 at 8:30AM. The different days and times are to allow for work schedules of GIC members.

The Executive Director referenced the Legislative portion of his Report, highlighting the GIC 101 Legislative Briefing in which nearly 50 members of the legislature and staff participated.

- Engagement

Executive Director Veno noted that he participated in a tele-town hall hosted by Mass Retirees. He thanked the entire team there for their work and applauded the quality of the exchange with over 2,000 retirees who participated.

The Executive Director then opened the floor to questions on anything in the Director's Report. The Chair noted that there were no questions from the Commission but she asked if there were any specific items raised during the tele-town hall event that could help with the upcoming GIC procurement process. He also noted that participants expressed a high degree of satisfaction with the GIC's current offerings and plans but also concerns around possible changes to plans and cost sharing during the upcoming procurement. The Executive Director noted that the GIC stays in regular contact with the team at Mass Retirees to solicit feedback.

Finally, regarding Engagement, Executive Director Veno mentioned productive meetings that have been had between the GIC and the Executive Office of Health and Human Services, Mass Health, The Health Policy Commission, The Massachusetts Medical Society, The Massachusetts Hospital Association, with upcoming meetings with The Massachusetts Association of Health Plans and representatives from all GIC carriers.

The Executive Director then turned the meeting over to Vince Kane, of Willis Towers Watson, to present on the development of preliminary rates for FY23.

III. Preliminary Rates for Fiscal Year 2023 (INFORM)

Mr. Kane began by explaining the process of how the actuaries at WTW arrive at the projected rates for FY23. He broke down the different elements of the plans such as premiums and administrative costs that do go into the fee increases and noted that other costs, like copays and out-of-pocket costs, do not factor into the rates.

Mr. Kane then explained the expected budget increase for FY23, giving details regarding the expected aggregate increase of 5.7%. He underlined that this was not a finalized number as there were additional steps that need to be taken to bring together all the necessary data. Mr. Kane reviewed how they arrived at the numbers included on the slide and explained the variety of factors that led to the increase over the last two fiscal years including, but not limited to, the COVID-19 pandemic.

The Chair recognized Commissioner Choate for a question. The Commissioner asked Mr. Kane how he accounted for the emerging inflation that is likely to accelerate. Mr. Kane answered that while the medical market basket included in the Consumer Price Index was already beginning to show signs of inflation, especially since October 2021, it has been running lower than the historical average, except for the last quarter of 2021. Based on this, information gathered from the health plans, and increased unit costs due to COVID-19, they expect upward pressure on premiums.

The Vice Chair then asked whether Mr. Kane anticipated a similar increase with the PBMs. He replied that while the pharmacy trends have been running higher than medical trends, the PBMs will be in year 5 of their contracts during FY23, so the GIC would expect to see a return to more normal overall trends. Executive Director Veno noted that the pharmacy trend is incorporated into the presented overall trend. The Chair then reiterated this point to clarify for the Commission. Mr. Kane further explained the various contributing factors affecting the projected rate increase. Executive Director Veno noted that the expected increase for FY23 would mark the fourth year in a row in which the rate increase outpaced the state's total healthcare expenditure benchmark established by Chapter 224. He underlined the urgent need for the GIC, during the procurement process, to address the drivers of the rising trend. The Chair echoed this concern. The Vice Chair thanked the Executive Director for raising the issue.

Executive Director Veno thanked Mr. Kane and turned the meeting over to Michael Berry, the GIC Director of Government Affairs.

IV. Municipal Insurance Program Update (INFORM)

Mr. Berry reviewed the 45 Municipalities and Regional School Districts that have joined the GIC under Chapter 32B. These entities are subject to renewal under the statute, rather than those in the GIC under chapter 32A that for in for an indefinite period without renewal. He noted that the majority of the 45 entities noted are in the northeast region of Massachusetts and only three are outside Interstate 495. Mr. Berry also mentioned the 15 entities that have enrolled in the GIC retiree dental plan, which is proving to be highly popular among retirees in those communities. The GIC's portfolio of municipal entities has remained highly stable for the last three fiscal years and no municipalities are newly joining or departing the GIC this year. Mr. Berry also addressed reasons why the number of participating municipalities has not increased in recent years.

The Chair recognized Commissioner Tim Sullivan who asked whether the municipalities' inability to obtain ancillary benefits through the GIC was a hinderance in getting them to join and, if so, what might be done to address that. He also asked about the hinderance to joining the GIC that is created by the current law around municipalities and collective bargaining.

Mr. Berry responded that there are two statutory ways for a community to enroll in the GIC: first, through a public employee committee voting at a minimum of 70% in favor of joining the GIC; second, through the statutory requirement for municipalities to share year one savings with municipal members through a health insurance trust. Regarding ancillary benefits, he said it does not seem to have been a hinderance to entities joining the GIC and that providing access to these benefits would require a legislative change which, though proposed, to date has not been successful.

The Chair recognized Commission Choate who asked whether municipalities have successfully achieved the same level of savings as the GIC by replicating its plan design. The Executive Director replied that it varies by the claims experience of each municipality relative to projections for joining the GIC. He also noted that there are many factors that affect the costs of plans within a particular municipality.

Commissioner Chapdelaine noted that geography is also something that would affect the decision by municipalities to join the GIC or not, based on their proximity to Boston-based hospital systems.

The Chair recognized Commissioner Murphy-Rodrigues who added that, in her experience, other aspects of local control can determine the choice by a municipality to join or not join the GIC.

The Vice Chair asked whether the choice of carriers under the GIC affects the decision by municipalities to join the GIC. Commissioner Murphy-Rodrigues said that sometimes it could if it meant that municipal employees would need to change carriers in moving to the GIC.

Executive Director Veno noted that changing plans can be disruptive to membership and involves significant administrative work such that even significant projected savings may not be sufficient to drive a municipality to make the change. He also indicated that there will be continued engagement with municipal leaders leading into the health benefit procurement.

Mr. Berry then reviewed the program outlook for FY23. He noted that the current procurement process would be largely completed before the next renewal deadline of December 1, 2022, so that municipalities would have the necessary information ahead of renewal decisions. He also noted that changes coming through procurement could encourage other cities and towns to consider the GIC.

The Chair then recognized Commissioner Davis for a question. The Commissioner asked whether the insurance consultants are fully independent or if they receive a fee for their recommendations. She also asked whether the GIC is being assertive in its contact with municipalities – specifically being more solicitous of feedback and more proactive in providing information. Executive Director Veno answered that the GIC makes every effort to maintain effective communication and build strong relationships with its partner municipalities and can and will do to outreach to municipalities that are not currently part of the GIC. Mr. Berry added that the GIC is currently working on an update to address the Commissioner’s concern.

The Chair recognized Commissioner Tim Sullivan for a question about information the GIC might have about union votes for municipal enrollment with the GIC. Executive Director Veno responded that the GIC would likely not have the records but that understanding those dynamics would be helpful for the GIC.

V. CFO Update (INFORM)

The Executive Director then recognized GIC CFO Jim Rust to give his update to the Commission.

Mr. Rust reviewed the budget update for the GIC noting that there has been an increase in medical claims to pre-COVID levels, and reviewed data regarding COVID-19-specific claims totals. He also presented the FY22 forecast versus actual spending, which has tracked closely. He also noted that the year-to-date spending tracks with the budget for the latter half of

2021. Mr. Rust explained that the GIC is currently approximately \$37 million under budget for life and health spending but cautioned that this is likely to normalize over the next few months, as this number includes a pharmacy rebate credit that arrived earlier than expected.

The Chair asked if costs associated with COVID-19 include the costs of vaccines. The Executive Director clarified that the cost of the vaccine itself is covered by the federal government, while the cost of administering the vaccine was included in GIC claims. The Chair then asked if the GIC was getting better demographic data from the plans on all claims, not just COVID-related claims. Mr. Rust replied that there was a team in the GIC working with carriers to better identify and gather that data. The Chair responded that she would like it noted that the Commission would like to see some better movement by the health plans to gather this data.

The Executive Director then pointed out that the GIC is approaching a \$300 million spend on COVID-19 claims and that the GIC understands that there is a real human element behind the numbers that is taken very seriously.

VI. Other Business/Adjournment

The Executive Director asked if there was any new business from the Commissioners. The Vice Chair raised a follow-up question about approved physical therapy visits under UniCare. Executive Director Veno answered that the GIC did engage with UniCare to better understand the issues and that as a result, the plan changes were returned to their prior structure. Deputy Executive Director Scibelli confirmed this.

The Vice Chair also asked about concerns raised by some retirees regarding Davis Vision. Executive Director Veno replied by stating that this may have been raised by a few members during the tele-town hall with Mass Retirees and that the GIC would be looking into it further.

The Chair noted that it has been an extraordinary year and that she is grateful for the opportunity to serve the Commonwealth and the Commission. She commented on the intensity of the upcoming procurement. There being no further business or discussion, the Meeting adjourned at 9:55 A.M.

Respectfully submitted,

Matthew A. Veno

Executive Director